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OCI NO. 1790/58

22 May 1958

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DOCUMENT NO. 11
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☐ DECLASSIFIED
CLASS. CHANGED TO: 1989
NEXT REVIEW DATE: 7 Aug 79
AUTH: HR 70-2
DATE: 7 Aug 79 REVIEWER: 25X1

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PART I
OF IMMEDIATE INTEREST

FRANCE AND ALGERIA

Pflimlin's Position

Premier Pflimlin is under mounting pressure from the military and extremists in both Algeria and France, and the possibility of General de Gaulle returning to power has markedly increased. While the National Assembly has given the government overwhelming support to date, Pflimlin appears barely able to keep the army problem from coming to a head. Independent leader Pinay's offer to act as a go-between to negotiate the return of De Gaulle reduces the chances of a "national union" solution if Pflimlin falls.

The Pflimlin government, while professing its determination to carry on, has admitted



DE GAULLE

it has practically no information as to developments in Algiers, and is extremely worried over reports that rebellious field-grade officers are in contact with fellow officers of

similar rank in France and Germany. [redacted]

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there appears to be some question regarding the role of the new French army chief, General Lorillot, because of his earlier close association with the ostensible civilian chief of the Algerian junta, Jacques Soustelle.

It appears more and more unlikely that the Pflimlin government can resist the concerted pressures from the military for long. Posters appeared in Paris on 21 May announcing the formation of a "national committee of public safety," and the committee stated on 22 May it would "remain calm and disciplined a few days longer, but no more."

De Gaulle encouraged army elements in Algiers when, in his press conference, he both commended their action and attacked the "regime of the parties" in Paris. Following his statements, the "war of nerves" against Pflimlin was intensified. The army in France is reluctant to split with its generals in Algeria. [redacted]

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[redacted] Pflimlin has refrained from condemning the Algerian "coup" and has tried to buy at least some army support by restoring cuts in the military budget and by increasing the length of service for draftees.

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The Communists and Socialists, separately, continue to issue warnings that they will oppose any attempts to topple

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the Fourth Republic and are gearing their organizations for underground resistance in the event De Gaulle returns to power. The American Embassy, however, has doubts about how strong or how sustained leftist efforts to block his return would be in the face of the rank and file's apathy thus far.

North Africa

American Consul General Lyon in Algiers believes the recent Algerian developments are "irreversible" and that the French Army and rightist civilians there are determined not to accept the authority of the Pflimlin government. Should the premier continue to hold out, extremists among these elements may eventually resort to still more radical tactics in an effort to bring about the desired change of regime in France.

Precise power relationships within Algeria are still unclear. De facto military and civil cabinets have been appointed without reference to Paris, and an all-Algeria committee of public safety is being formed. General Salan, France's top commander in the area, who still provides a tenuous link with Paris, will probably continue to be recognized as supreme titular authority, at least by all the military, until a clear test between Paris and Algiers develops. He appears to be under increasing pressure, however, both from the clique of paratroop officers who original-

ly masterminded last week's action and the extralegal Algiers public safety committee which is headed by General Massu but apparently dominated by local civilian extremists. Lyon believes these elements are wielding the real authority at present, and this view,

seems borne out by Salan's remark to a cheering crowd on 21 May that "we shall march together up the Champs Elysees."

The position of Jacques Soustelle, former "tough" governor general of Algeria who arrived in Algiers on 17 May, remains somewhat ambiguous. At present he is the principal object of adulation from the streets and apparently the main spokesman for the civilian elements in the new leadership. However, he has either not been offered, or has so far declined to accept, any official position locally and the real extent of his influence and ambitions is not clear. While formally accepting Salan's over-all authority and frequently appearing with him in public, Soustelle is reported to have clashed with Salan privately and appears to work more closely with the Algiers committee than with Salan. Soustelle may yet assume more open authority, especially if the extremists, who apparently have continuing doubts about Salan, decide to remove the general.

Moslem Attitude

Most of the 1,200,000 Europeans in Algeria seem to approve the recent developments, and there have been numerous public manifestations of support for the "new Algeria" by considerable numbers of Algerian Moslems. These, however, appear to be

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largely artificial affairs staged by psychological warfare units of the French Army and, in some cases, by local employers. Lyon [redacted]

who witnessed a recent demonstration involving nearly 10,000 Moslems report it was manifestly overorganized and that the Moslems who participated were mostly "simple peasant types herded about like sheep" by army personnel with portable electric megaphones.

by French military leaders in Algiers that the Moslem rebels have virtually ceased fighting were apparently made with little regard for reality in order to satisfy a propaganda line. They have been officially contradicted by the minister of information in Paris.

Morocco and Tunisia

Morocco, and especially Tunisia, are extremely anxious over the activities in Algeria, which have heightened latent fears that the French Army might attempt to reoccupy those countries. There is, however, no evidence that the French, who have long regarded Bourguiba as the "number-one enemy" because he supports Algerian independence, are preparing any early military operations outside Algeria. The reported growing restlessness of French troops in Tunisia is likely to lead to serious incidents in Tunisia and set the stage for the internationalization of the French-Algerian problem.

Nevertheless, the freewheeling activities of the French commandant at the Remada base in remote southern Tunisia, who on 17-18 May dispatched troops to surround two Tunisian roadblocks within 25 miles of his base, have created a new problem

it appears most unlikely that many of the Moslem leaders, who ultimately determine the position of the largely apathetic masses, are being impressed by the "unity and brotherhood" line now being propagated by the new local leaders.

Meanwhile, the Moslem nationalist rebels of the Algerian National Liberation Front (FLN) have shown no interest in Salan's recent amnesty offer. An FLN spokesman broadcasting over Cairo radio has excoriated the "Massu-Soustelle criminal gang" and a top FLN military leader stated in Tunis on 18 May that the rebels have no intention of putting down their arms until France agrees to the principle of independence. Recent claims

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in French-Tunisian relations. As they threatened, Tunisian units on 22 May fired on four French jet aircraft when they took off from the Gafsa air base some 175 miles northeast of

Remada, and French troops returned their fire. Bourguiba now can be expected to press again for the immediate supply of American arms and ammunition to equip his small security forces.

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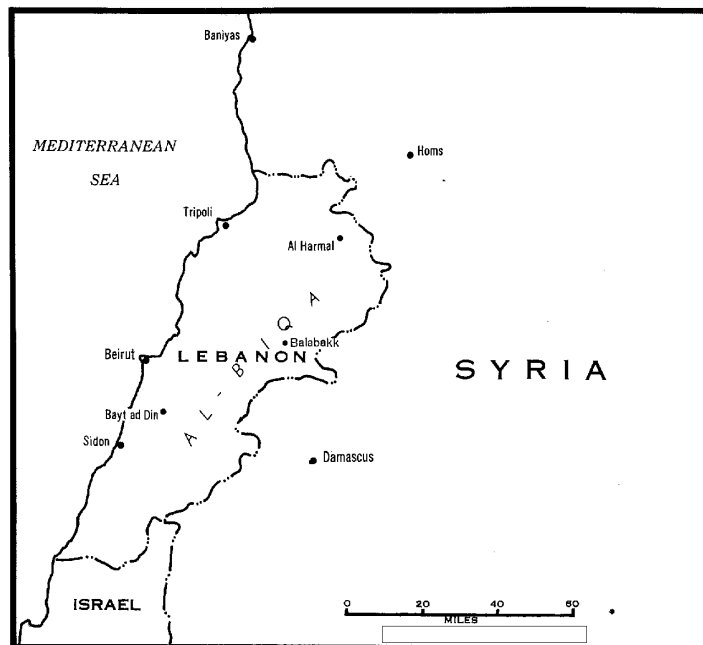
THE LEBANESE SITUATION

The Lebanese Government has decided to appeal to the UN Security Council against UAR intervention, despite friendly warnings that its case must be a strong one. The decision, which provoked the defense minister to resign, is probably the result of realization that suppression of the violence in the country is impossible as long as the UAR is supplying and introducing new groups of dissidents into the situation.

possibly toward the town of Tripoli, where strong points are still held by antigovernment forces.

To encourage these and other operations, Damascus and Cairo radios have become more outspoken and direct in their

The most recent example of a revival of dissident activity is the "capture" of Balabakk city hall on 20-21 May by an armed band composed of fedayeen terrorists from Syria and local dissident tribesmen. This putsch was organized in northeastern Lebanon, and about the same time another band of about 1,000 dissidents is reported to have begun a march westward,



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support. Damascus radio on 21 May broadcast an appeal from a Syrian Druze leader to his fellow Druze in Lebanon, calling on them to support the antigovernment cause. Cairo radio on the same date broadcast, while technically quoting, a dissident appeal to Lebanese army officers to join the dissidents and do their "duty" by overthrowing President Chamoun. Cairo radio is particularly effective in its situation report broadcasts.

The UAR portrays the struggle in Lebanon as exclusively one between Chamoun, his Western-enthralled lackeys, and the "people."

The dissident leaders in Lebanon are of course playing the same theme and insisting they will not lay down arms or call off their general strike until Chamoun resigns. They are being partially encouraged in their intransigence by the maneuvers of army commander General Fuad Shihab, whose objective, in so far as it can be discerned, seems to be twofold.

Meanwhile, there are significant economic pressures for an end to violence building up in the important Lebanese business community. While Beirut port is reviving from the almost complete close-down last week and while more shops in the city are open for at least part of

the day--they close after bombs explode--the merchants have lost very large sums already and stand to lose considerably more while the transshipment business is at a standstill. It remains to be seen which side this kind of pressure will favor, although almost any kind of compromise at this point would probably appear as a defeat for Chamoun.

The events in Lebanon continue to arouse great concern among other states in the area, some of which appear to feel that they may be next if Lebanon falls to Nasir's pressures.

One of the reasons given by Jordanian authorities for Samir Rifai's appointment as Jordanian prime minister when he was scheduled for an Arab Union government post is the need for a firm hand in Jordan during this period. 25X1

The Israelis are watching developments closely; Tel Aviv has kept public official comment to a minimum, 25X1

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INDONESIA

Government operations to crush the North Celebes dissident movement are proceeding swiftly. Djakarta announced on 20 May the recapture of Morotai

Island, and government troops reportedly have landed at Djailolo on Halmahera Island. The dissidents claim, however, they recaptured Gorontalo in

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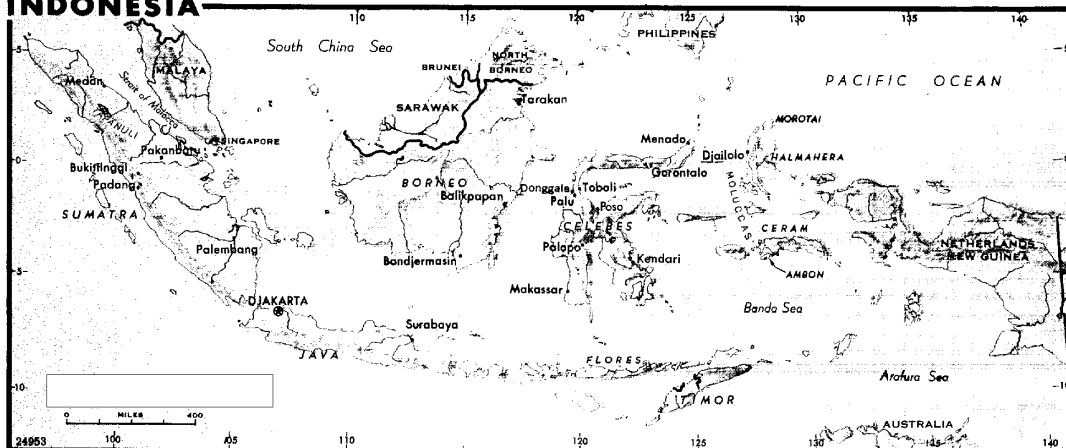
North Celebes on 20 May; the government had reported taking it the previous day. Other government operations are said to be planned soon against the northern coast of Celebes and against the Poso area, with the dissident capital of Manado as the ultimate objective. During the dissident air strike against Ambon on 18 May, one B-26 was shot down.

In the wake of government successes, dissident military commander Lt. Col. Sumual on 21 May announced he was prepared to negotiate for a "reasonable" settlement. Djakarta immediately refused the offer. Government officials repeatedly have stated that negotiations with the dissidents will not be considered.

President Sukarno delivered a speech on 20 May, National Re-awakening Day, which was more favorable to the United States than any he has given since the beginning of the provinces' revolt. Emphasizing that Indonesia had achieved its identity, Sukarno quoted Abraham Lincoln as stating that "no nation is good enough to govern another," and said this applied to the

Dutch, the USSR, and the United States in relation to Indonesia. 25X1

The Indonesian army intelligence chief, Lt. Col. Sukendro --undoubtedly speaking for Chief of Staff General Nasution--told the American army attaché last week that moderate Indonesian leaders intend to make changes in the cabinet and undertake action against the Communists. He said, however, that these actions must be delayed until after the defeat of the North Celebes dissidents. 25X1
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BLOC LEADERS MEET

The present meeting of bloc officials in Moscow has brought together an unprecedented combination of party, government, economic, and trade leaders. It was foreshadowed last April by Khrushchev during his Hungarian tour when he called for a meeting of Eastern European and Soviet leaders to discuss bloc economic cooperation, industrial specialization, and particularly economic cooperation among individual satellites. These economic problems may indeed be thorny enough to merit this concentrated attention, but it seems inevitable that the discussions will spill over into political and military problems as well. In addition, TASS has announced that a meeting of the Political Consultative Committee of the Warsaw Pact is scheduled to begin on 24 May.

Conspicuous by their absence are the Yugoslavs, and the underlying theme of the meeting could well be the need for the socialist camp to exhibit monolithic bloc unity--economic, military, and political--in the face of Titoist revisionist obstinacy and Western colonial aggrandizement. Khrushchev now may be able to accomplish this aim, even though he achieved only limited success in a similar effort last November on the party level alone. The fact that TASS has announced that such a meeting is in progress suggests that a formal communiqué on the results is in the offing and that no serious difficulties are foreseen.

On the economic side, the USSR heretofore has relied on voluntary approaches to integration by members of the bloc Council for Mutual Economic Aid (CEMA). However, nationalistic desires for economic independence and resistance to the elimination of inefficient industries which developed during the Stalinist postwar period have limited the promotion of specialization, which would not only step up production but also increase bloc interdependence. The Soviet Union now may be proposing that CEMA decisions be made binding on all members. It is probably also eager to counter the growing economic unity of Western Europe. Working-level CEMA conferences have already engaged in developing coordinated economic plans to run through 1965, the terminal date of the yet-to-be-announced Soviet Seven-Year Plan.

On the political side, the participants will probably decide on a united policy against Yugoslavia, including strong economic sanctions, a decision that may be difficult for Gomulka to accept.

In discussing ways to bolster bloc unity, the conferees might come up with some sort of new bloc organization designed to coordinate political and economic efforts. The Asiatic Communist countries, which have delegates of somewhat lesser rank in attendance, will probably participate to

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some degree in whatever program develops from the current meetings.

Any decision to re-establish a Cominform type of relationship in the bloc, however, would probably have to surmount the objections of Gomulka, who would see in such an arrangement an implicit threat to his

principles of noninterference and autonomy.

In the international arena, the Warsaw Pact political meeting to follow will probably come up with the bloc's answer to the West German decision to arm with nuclear weapons. The USSR has been threatening unspecified countermeasures to this for some time. 25X1

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PART II

NOTES AND COMMENTS

USSR WARNS WEST ON INDONESIA AND LEBANON

On 14 May Moscow and Peking simultaneously denounced "American intervention" in Indonesia and accused the West of "direct incitement to overthrow the legitimate Indonesian Government." On 18 May the USSR attacked Western "intervention" in Lebanon as "another case of interference in internal Arab affairs." The USSR ignored its contradictory position of supporting the established regime in Indonesia and the revolutionaries in Lebanon, implying that the West was attempting in both these countries to establish colonial regimes.

Both statements are primarily political broadsides intended to indict the West, and specifically the United States, before world public opinion on the charge of military intervention and colonial aggression. The statements are essentially political moves designed to inhibit Western action, and they cater to nationalist frustrations in Asia. However, they do not indicate that the USSR is willing to follow through with direct military action.

As in the Jordan and Syrian crises last year, the USSR spoke over the heads of Asian and African leaders to the other great powers in defense of its professed principle of great-power "noninterference" in regional disputes. Both statements seem to be unsolicited testimonials in support of Indonesia and of the UAR, which has an active interest in bringing down the Lebanese Government. They reflect Moscow's view that the United States has replaced Western European colonial powers as the chief enemy in Asia and Africa.

Both warnings were unofficial and ambiguous. They were spotted with stereotyped "warnings" of Soviet concern and unelaborated hints of possible further action without actually committing the USSR; they were phrased so that the West might amplify and interpret them as threats. The statements, released through TASS, are about the weakest in Moscow's categories of crisis threats. If Moscow desires to act further in either of these disputes, several stronger methods of attack are open to it, such as a TASS release of an authorized Foreign Ministry statement, a statement from the Foreign Ministry itself, personal letters from Khrushchev to Western political leaders, the informal threat that the USSR "would not stand in the way of citizen volunteers," formal demarches, and action against the West in the United Nations.

Communist propaganda media have not raised directly the possibility of bloc "volunteers" entering the present crises. According to press reports, a "high government source" in Jakarta has said that Communist China, Czechoslovakia, and Poland have all offered volunteers to fight in Indonesia. The source warned there would be no alternative but to accept them if Chinese Nationalist troops should land in East Indonesia. The bloc might again threaten to use Communist volunteers, primarily to develop opposition to American actions among the smaller powers and the Afro-Asian neutrals by exploiting fear that the conflict would spread.

The USSR, belaboring Western activity as a "threat to

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peace," appears to be laying the groundwork for some UN action on Indonesia and to a lesser extent Lebanon. The harder language of the Indonesian statement probably reflects Moscow's conviction that a better case can be made there. Soviet UN action on Lebanon would be inhibited because the present government is pro-West. Moscow is at best ambiguously on the side of "the people" and uncomfortably vulnerable to the countercharge that it is abetting interference in internal Lebanese affairs. Consequently, Moscow's argument on Lebanon is built on the more general terms that irresponsible American action there threatens the regional peace of the Near and Middle East.

The USSR probably believes the force of its attacks will evoke more outspoken support of Asian and African neutrals. Both in Indonesia and Lebanon, the USSR stands to gain by its stand against Western "interventionism." To the degree that intervention becomes a reality, Moscow will fully exploit the presence of foreign soldiers to exacerbate nationalist frustrations. If the West refrains, Moscow can claim, as it did in the Syrian and Egyptian episodes, that its warnings once again proved to be an effective deterrent to Western "aggression" in Asia.

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NASIR'S VISIT TO THE USSR

The results of Nasir's 18-day visit to the USSR indicate that all Soviet-UAR policy differences were not resolved and that the trip may have been something less than an unqualified success. Khrushchev, in lauding Nasir and the UAR at the Kremlin farewell ceremonies, claimed that complete agreement existed on all questions of "mutual interest." The final communiqué, which ranged over a wide variety of international topics, was vague, however, on the subject of Israel, and a comparison of speeches made by Nasir and by Soviet leaders suggests some disagreement on other political issues as well. Nasir avoided seconding sharp Soviet attacks on the West and, except for bitter attacks on Israel's "imperialist role" in the Middle East, kept

to subjects of Arab interest and to innocuous statements on friendship.

The "red-carpet" treatment given Nasir and the spate of friendship speeches reinforced the public impression that the USSR firmly endorses Nasir's bid for leadership of the Arab world. Khrushchev reportedly told Nasir that the USSR wanted nothing from Egypt but to make Egypt strong, while the West looks on Egypt as a former servant and will never accept it as an "equal." Information so far, however, suggests that Nasir remains suspicious of both the USSR and the West and probably places little reliance on Soviet promises of general support, although he probably will continue to exploit such promises to extract concessions from the West. Nasir

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told Ambassador Hare that the talks with the Russians had gone "more or less" as expected.

Moscow apparently was displeased by signs of the UAR's growing economic rapprochement with the West and reportedly was "visibly angered" by conclusion of the UAR - West German economic agreement, news of which arrived while talks were going on in Moscow.

Nasir was partially successful in his efforts to reduce the burden of debts contracted with the USSR by Egypt and Syria.

The joint communiqué issued at the conclusion of the visit reaffirmed the identity of Soviet-UAR views on a wide range of subjects and stated that Khrushchev and Voroshilov had accepted Nasir's invitation to visit the UAR at an unspecified date.

(Concurred in by ORR)

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GOMULKA'S EAST EUROPEAN TOUR

Any Soviet hopes that Gomulka's trip to Bulgaria, Hungary, and Rumania would succeed in boosting bloc unity were probably only partially fulfilled, and much that transpired may lead to future friction between the USSR and Poland. Although Gomulka hewed to the established line on policy toward the West, proletarian internationalism, and the basic principles of building socialism, he pointedly refrained from recognizing the leading role of the Soviet party, remained publicly silent on the Yugoslav issue, defended the "Polish road to socialism," and condemned dogmatism with only slightly less vigor than revisionism.

Gomulka's own views were the ones most often expressed in the various joint communiqués, while he avoided formalizing views he does not share with the satellite leaders involved. Furthermore, the words

"general agreement" were used to sum up the discussion of ideological matters rather than the more traditional expression "identity of views." Thus, Gomulka still remains a nonconformist influence in the Soviet bloc.

Gomulka's views were evident in the Bulgarian and, to a lesser extent, the Rumanian communiqués. The communiqué signed in Budapest, as well as his speeches in Hungary, indicated that broader agreement had been reached there. An apparent effort was made to give Polish party support to Kadar and the centrist elements in the Hungarian party. In contrast to the other two visits, there were no open meetings in Budapest for the Polish leader, probably in fear of too strong a public acclaim for the leader of a nation identified with defiance of the Kremlin. Apparently as a Polish concession to Kadar's sensitivity on this

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issue, only the Hungarian communiqué failed to make a reference to "sovereignty, independence, and noninterference in internal affairs."

Kadar claimed that most disagreements between the two countries--particularly the disagreement over the Hungarian revolution--had been eliminated. He played on Gomulka's party autonomy line by insisting that each party could best determine the actions necessary to solve its own internal problems. Gomulka for his part acquiesced in the view that, in the last analysis, counterrevolution had to be put down with the brotherly aid of the USSR, but he added that he deplored the "profoundly tragic" fact that many Hungarians who thought they were fighting for "democracy" found themselves fighting against it.

In all three capitals, the host leaders stressed the leadership of the USSR in the Communist world, but Gomulka did no more than recognize the USSR as the first and most powerful socialist state. This distinction, which was clearly evident in the press coverage, will probably contribute considerably to Gomulka's reputation among the more liberal political elements in Eastern Europe. The dispute between the USSR and Yugoslavia was not publicly mentioned, probably because Gomulka wanted to avoid deep involvement in a dispute neither side of which he fully endorses.

During the course of the three days Gomulka spent in each country, demonstrations of bloc unity predominated, joint economic commissions were created, increased trade was agreed on, and the whole Soviet peace campaign was promoted.

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HUNGARY AND THE SOVIET-YUGOSLAV DISPUTE

In the face of the deterioration of Soviet-Yugoslav relations, Hungary's party leader Kadar is seeking to comply with Moscow directives to suppress all dangerous manifestations of liberalism in his country but continues to reassert his intention to adhere to methods of persuasion, notably in agricultural collectivization. He nevertheless appears to have lost some ground to his extreme "hard-line" critics within the Hungarian party, who may be using the condemnation of Tito's policies by Moscow and Peking as grounds for attacks on Kadar.

While the very presence of Gomulka in Hungary should have

strengthened Kadar within the Hungarian party, there is evidence that the visit, coming as it did during the hardening of the bloc line toward Yugoslavia, was a source of some embarrassment to him. Although he has long been angling for Polish support, Kadar was reluctant to identify himself closely with the Polish leader, perhaps because any indication of fraternization would play into the hands of his Stalinist opponents. The visit in the long run, however, may serve to shore up the moderate faction in the Hungarian party which advocates policies closely resembling those of Gomulka.

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Kadar's situation is made more difficult as a result of the deterioration of Soviet-Yugoslav relations, since Hungary of all the bloc countries experienced the most drastic consequences of the 1948 break. Although Kadar has not deviated from the Moscow-approved position on Soviet leadership of the "camp" and similar issues, the Yugoslav example exerts a strong influence on certain elements of the Hungarian party. Moreover, Kadar is identified with Khrushchev's earlier efforts to reach an accord with Tito, and his meeting with Tito on 27-28 March may have been intended to serve a similar purpose. The results of this meeting, while not public, may be reflected in the labored effort of the Hungarian press until very recently to balance criticism of Tito with praise.

Despite mounting publicity on the dangers of revisionism --i.e., the Yugoslav heresy-- Kadar is still seeking to maintain some maneuverability on this critical question. The joint declaration he signed with Gomulka, while omitting any direct reference to Yugoslavia, denounced revisionism and dogmatism with almost equal vigor and charged that both facilitated the work of reactionary forces. An authoritative 21 May article, while preserving a conciliatory tone toward the Yugoslav party, sharply attacked its ideology and revived the allegation that Belgrade "approved" of the Hungarian rebels.

Evidence that Kadar is being forced into a "harder" position appears in recent regime pronouncements, notably a 5 May address by Gyula Kallai, his chief henchman. In this

important statement on cultural policy--originally scheduled to be made on 24 March and possibly delayed because of the Yugoslav developments--the threat was made for the first time in recent months to use "administrative measures," i.e., police terror, against "hostile elements."

Kallai stressed the importance of "winning over" the intelligentsia as a long-term process, but his reassurances will have little effect in view of the secret trial just concluded by the regime in which 16 medical students were charged with "counterrevolutionary" activity during the 1956 upheaval. Four already have been executed. These harsh sentences have caused considerable agitation among Hungarian intellectuals.

Kadar may be on firmer ground regarding his soft-line agricultural policy, since Khrushchev has advised him "not to hurry." Recent regime statements, perhaps evoked by public fear of a return to the forced collectivization of the 1949 period, have reiterated the government's intention to proceed gradually, without using coercion.

In foreign policy, the regime's efforts to enhance its respectability by gaining closer contacts with the West give signs of breaking down in deference to the needs of security. The foreign minister on 9 May informed the American charge that Hungary's "interesting initiative" in the interests of improving relations with the United States, promised by Kadar during Khrushchev's visit, was now postponed or dead.

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USSR ANNOUNCES INDUSTRIAL SUPPLY CHANGES

In a long-rumored step carrying forward Khrushchev's year-old industrial reorganization scheme, union republics and regional councils of national economy (sovnarkhozy) have been assigned "full responsibility for implementation" of industrial supply plans and tasks, according to an announcement in Pravda of 19 May. The announcement also publicized a decree of the Presidium of the USSR Supreme Soviet dated 24 April which threatened disciplinary measures against those who, "without valid excuse," fail to fulfill delivery assignments for "all-union needs." The brief Pravda announcement, although mentioning reorganization of certain marketing organs in USSR Gosplan, failed to spell out many details of the new measures and did not specify the relative roles of USSR Gosplan, the republic Gosplans, the sovnarkhozy, and enterprises in the new supply setup.

Last summer, presumably to avoid disruption in the supply flows to Soviet industry, Khrushchev "temporarily" consolidated the all-union supply and marketing organs, most of which were formerly under ministerial control, in the refurbished USSR Gosplan. By thus "freezing" the existing supply relationships, he put off the improvements in industrial efficiency that were intended to accompany the reorganization through revision of supply flows to eliminate cross-hauling and to encourage production specialization through subcontracting.

The Pravda announcement states that because of the in-

creased strength of republic Gosplans, it is now possible to alter the system of supply and marketing by assigning increased responsibility in these areas to the union republics and sovnarkhozy. Apparently this responsibility is still limited, however, to assuring that plans are implemented. Failure of the announcement to reveal important provisions of the new setup suggests that the regime still may be unwilling to grant authority to subordinate administrative and planning organs commensurate with their new responsibilities.

The disciplinary penalties announced apparently are intended to provide sanctions against economic officials who permit "localist tendencies" to manifest themselves, conflicting with the principle of the "single state plan" which specifies all-union economic interests.

Nonfulfillment of deliveries to enterprises in other economic-administrative regions has been persistently attacked during the past year, and the penalties now provided for favoring local interests above national interests suggest that an important purpose of the 24 April decree was to attempt to prevent the practice. In addition, the disciplinary sanctions may be used to strengthen contractual obligations in order to promote direct factory-to-factory relations along lines proposed by Khrushchev in his theses on industrial reorganization.

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GOVERNMENT INSTABILITY IN VENEZUELA

A conflict among top Venezuelan government officials, which was sharpened by the 13 May riots in Caracas, has already led to the replacement of the two civilian members of the ruling junta and threatens the stability of the government. Most of the armed forces appear to seek a crackdown on the Communists, while the junta president and civilians generally apparently believe that any repressive measures may herald a new police state.

On one side of the present conflict are Defense Minister Castro Leon and Chief of the General Staff Perez Morales, who are not junta members.

They want to crack down on the Venezuelan Communist party and probably on the leftist but non-Communist Democratic Action (AD), which dominated the government from 1945 to 1948. Castro Leon was exiled by the AD.

Admiral Larrazabal, junta president, who made the most rapid gains of his career under the AD from 1945 to 1948, is the chief government official on the other side. He seems to have the backing of the political parties, labor, and the general population. To date he has refused to reaffirm the illegality of either

the Communist party or the AD. He appears to want free elections toward the end of 1958 and a turnover of the government to civilians on the promised date, 19 April 1959.

The expected promulgation of the new electoral law and the naming of the members of the Supreme Electoral Council on 23 May may be a pacifying influence if the law provides for compulsory voting, as expected, and if Communists are excluded from the council. The two political parties most acceptable to the military--the Christian democratic Copei and the nationalist Democratic Republican Union--are badly organized and therefore seek compulsory voting, while all three major political parties advocate a policy of isolating the Communists while avoiding repressive action.

The vacancies in the junta caused by the resignation of its two civilian members on 18 May appear to have been filled without undue tension by the appointment on 19 May of Edgar Sanabria, a lawyer who was previously secretary to the junta, and Arturo Sosa, an economist and former financial adviser to a prominent wealthy family. Neither is known to have any party ties. Nevertheless, the underlying tensions for and against an increase in military influence will probably persist.

POSSIBLE DISORDERS DURING DR. EISENHOWER'S CENTRAL AMERICAN TRIP

The rioting during Vice President Nixon's South American trip may encourage Communists and extreme nationalists to attempt similar demonstrations during Dr. Milton Eisen-

hower's visit to the five Central American republics and Panama planned for mid-June to early July. Although there now is no evidence of definite plans for provoking such

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disorders, the chance of embarrassing incidents, possibly accompanied by violence, appears greatest in Panama and Guatemala.

In Panama, a mounting nationalist campaign for increased control of and more benefits from the canal is spurred by deteriorating political and economic conditions. Early this month, student groups raised a number of Panamanian flags in the US-controlled Canal Zone to dramatize the claim that Panama retains sovereignty there. The rioting on 19 and 22 May was apparently stirred up by powerful politicians who are exploiting nationalist feeling to undermine moderate President de la Guardia. He lacks strong political support and will find it increasingly difficult to resist accumulating pressures for formal demands on the United States. In these circumstances, some nationalist groups, probably supported by the few Communists in Panama, may attempt to press their grievances during Dr. Eisenhower's visit.

The political atmosphere in Guatemala is conducive to continuing Communist gains and to the development of extreme nationalism and anti-American outbreaks. President Ydigoras has

thus far made little effort to control or counteract the activities of returning exiles and other Communists and

pro-Communists, who are daily becoming bolder. The Eisenhower visit will immediately precede the anniversaries of several past student revolutionary exploits--a period which may again this year, as it has in the past, be used to justify excesses by the Commu-

DR. EISENHOWER'S TENTATIVE ITINERARY
IN CENTRAL AMERICA

GUATEMALA	--	15 - 19 June
EL SALVADOR	--	19 - 22 June
HONDURAS	--	22 - 25 June
NICARAGUA	--	25 - 28 June
COSTA RICA	--	28 June - 1 July
PANAMA	--	1 - 4 July

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nist-infiltrated student groups and other anti-American elements.

Ydigoras told American Ambassador Mallory that although postponement of the visit to July might be preferable, he still foresees no difficulties during the visit as originally scheduled. The ambassador, however, is less optimistic. He believes that if the current political trend continues, trouble during Dr. Eisenhower's visit is probable and that Guatemala's security forces cannot be relied on to uncover or control a determined effort to create disturbances.

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BRITAIN'S TACTICS ON MUSCAT AND SAUDI ARABIA

Britain will sign a new aid agreement with the Sultan of Muscat during his visit to London beginning on 26 May, but there seems little chance that Britain will secure the boundary settlements it seeks as neces-

sary for stability in the southeastern area of the Arabian Peninsula.

In hopes of obtaining a compromise which can be urged on the Sultan during his visit,

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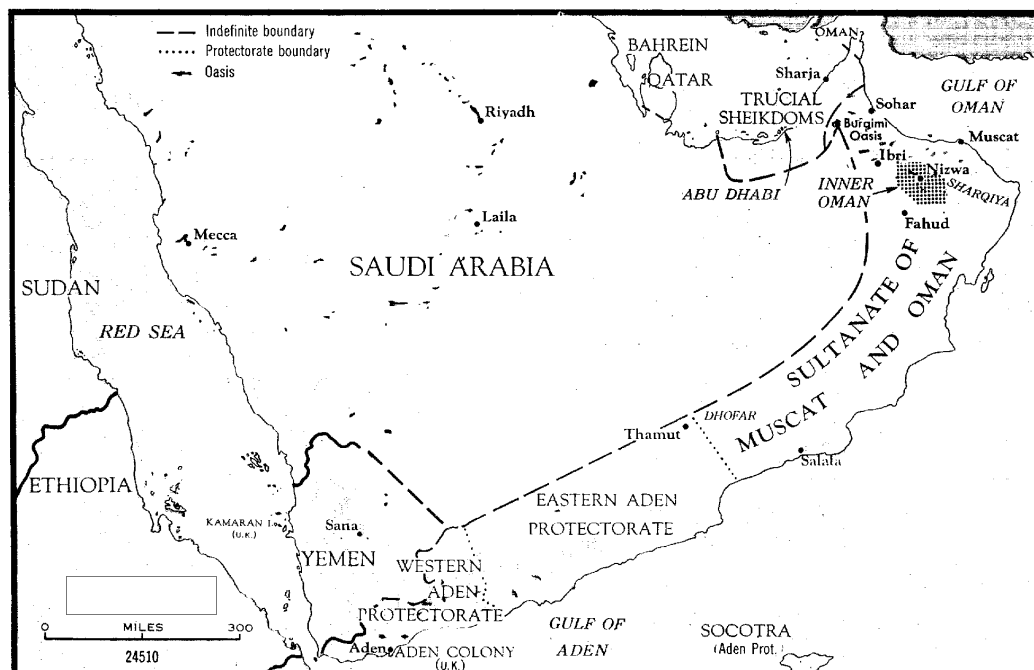
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the British have renewed overtures to Saudi Arabia toward a settlement of the problem of the Buraimi Oasis, which is claimed by Muscat, the Sheik of Abu Dhabi, and Saudi Arabia, and has been occupied by British-led local forces since 1955. London's desire to resume diplomatic relations with Saudi Arabia has been thwarted by Saudi insistence on settling the Buraimi dispute first.

with light equipment and British officers for training, have so far had practically no success in reducing rebel strength, even when assisted by contingents of the British-led Trucial Oman Scouts. A psychological warfare campaign by means of loud-speakers and leaflets to induce the rebels to defect has also been unsuccessful, largely because of Britain's inability to persuade the Sultan not to behead rebels who surrender. Two bombings in March and one in April in Muscat City appear to be the work of rebel terrorists dispatched by the Imam of Oman from his mountain stronghold.

London began in February to implement the military sections of the agreement which the Sultan is expected to sign formally during his visit. Approximately \$200,000 worth of British light equipment has been provided, including three small planes and light artillery guns. Britain hopes also to promote basic reforms which will enable the Sultan to control his domain without requiring periodic direct

The Sultan of Muscat's forces, despite reinforcement

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British military assistance. A modest British-financed development program of road construction, education, health, and

agriculture is designed to attract loyalty to the regime.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****22 May 1958****THE NEW MOROCCAN GOVERNMENT**

The ten-member Moroccan Government invested on 12 May is smaller and more homogeneous and probably more in tune with the King's middle-of-the-road political philosophy than its predecessor of 18 members. It represents a compromise between the dominant Istiqlal party's desire for an all-Istiqlal cabinet and the King's determination to guide Moroccan policies. Istiqlal, which forced the mid-April governmental crisis, finally compromised on eight of the portfolios in the streamlined government. Istiqlal incumbents retained the vital posts of foreign affairs, defense, and economy, with the result that major policy changes are unlikely.

The overriding objective of Moroccan foreign and domestic policy continues to be Algerian independence. The King, when he invested the new government, redefined Morocco's other objectives as restoration of Morocco's "despoiled" territories, settlement of problems concerning foreign troops, realization of a North African federation, and strengthening of foreign ties, particularly those with the Arab states. Faced with the immediate prospect of incidents involving French troops, who might want to join with their compatriots in Algiers, the new government requested that they be withdrawn from eastern Morocco.

The new cabinet is led by moderate, pro-West Istiqlal leader Ahmed Balafrej, who again heads the Ministry of Foreign Affairs. Proneutralist Abderrahim Bouabid is the only member of the party's extremist wing to remain in the cabinet. His position is strengthened by his elevation to deputy premier, and his control over the economy is enhanced by the subordination of agriculture to his Ministry of National Economy. It remains to be seen whether he will seek an accommodation with other members of the government, thereby antagonizing Istiqlal extremists, or support extremist interests, causing dissension within the government.

The replacement of extremist Istiqlal Minister of Labor Ibrahim by Bachir ben Abbes, a forceful individual of conservative political views, is a significant change, suggesting that the government intends to take the freewheeling labor movement more firmly in hand.

Shortly before the government was formed, the King proclaimed a royal charter intended as a first important step toward the establishment of constitutional government, as desired by Istiqlal. Guarantees of freedom of speech, assembly, and association seem designed to encourage the formation of a loyal opposition, however, which the King has encouraged as a counterweight to Istiqlal and which that party opposes.

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STRIKE DEADLOCK IN CEYLON INTENSIFIES

Prime Minister Bandaranaike's almost continuous labor problems of the past six months were intensified on 19 May by the firm action of Colombo trading firms in dismissing 29,000

Communist-led strikers from their jobs several days after the government declared the strike illegal. Labor's solidarity against the employers and the government was

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demonstrated by the warning issued on the same day by union leaders representing some 400,000 nonstriking plantation workers that they would support the strikers in Colombo by taking "concerted measures" against strike-breaking activities.

The government probably will be forced to intervene further to end the deadlock and halt further economic deterioration resulting from the strikes. The employers' adamant stand against the strikers may seriously hinder the prime minister's effort to negotiate a compromise solution. Violence on the part of the idle workers in Colombo and agitation on the plantations are likely.

The most recent series of strikes began on 22 April with one by government employees in Colombo and was augmented on 24 April by a Communist-led strike of workers in private tea, rubber, and coconut trading firms and one port union. The government employees called off their strike on 5 May, and labor leaders are negotiating with the government for increased cost-of-living allowances and political rights. The other

strikes continue, however, and employers have consistently refused to negotiate, charging that the strikes are illegal, despite the striking federation's willingness to modify its demands. These strikes have brought vital trade almost to a standstill for a month, causing serious losses in revenue and cuts in production.

Bandaranaike, who is caught in the middle of the present situation, badly needs some dramatic means of raising his government's prestige. Recently, in an effort to halt the decline in popular support he has suffered as a result of continuing economic unrest, he called for an Asian economic conference to meet in Colombo to discuss regional problems. This has as yet stimulated little interest among Asian leaders. Bandaranaike has also requested some \$50,000,000 in economic aid from the United States. His government's failure to settle the strike situation quickly, however, would largely nullify any benefits he might receive from these two bids for prestige..

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PAKISTAN'S DETERIORATING FINANCIAL POSITION

The fall in cotton exports since late 1957 has caused Pakistan's financial position to deteriorate considerably. A \$50,736,000 balance-of-payments deficit for the eight-month period ending in February has reduced Pakistan's foreign exchange reserves to \$209,118,000, the lowest level in several years.

Jute and cotton have traditionally accounted for about three fourths of Pakistan's total exports. While jute exports continue at a satisfactory

level, exports of cotton have dropped sharply, particularly since late 1957. The chief difficulty is that Japan, Pakistan's principal cotton customer, has purchased during the present trade year less than half the amount it purchased last year. Many Pakistanis blame American cotton sales to Japan under Public Law 480 for their problem, although poor ginning and grading are also handicaps to Pakistani cotton in international markets.

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An official of the Ministry of Finance stated on 15 May that the government had revised its estimate of foreign exchange receipts for the first six months of 1958 from \$205,800,000 to \$161,700,000. This probably will require the imposition of additional import restric-

and spare parts are already operating at less than 50 percent capacity.

The government now plans to hold Pakistan's first national elections late in 1958 and may feel it essential to prevent the already poor economic condi-

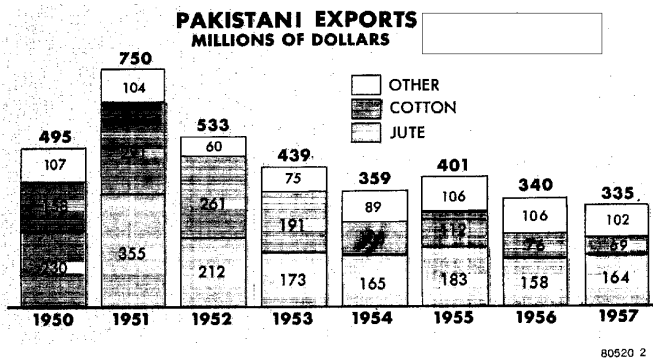
tions from deteriorat-

ing. The government cannot lower foreign exchange reserves much

further. It is already trying to arrange a large-scale barter deal with the Communist bloc, and may also approach the United States for additional aid in the near future. Pakistan bartered 73,000 bales of its cotton for Soviet wheat in 1952.

Communist China has purchased only 17,000

bales of cotton during the current trade year, as compared with 60,000 the previous year and about 500,000 bales in 1950 and 1952.



tions, thereby causing increased inflationary pressure, as well as a curtailment of industrial production. Factories dependent on imported raw materials

LAOS

The Communist Neo Lao Hak Zai party (NLHZ) has emerged as the most dynamic political force in Laos on the basis of its impressive showing in the recent supplementary elections. Almost complete election returns show that the NLHZ and its sympathizers have won 14 of the 21 assembly seats that were at stake. Not counting possible additional support from unaffiliated and opportunistic deputies, the NLHZ bloc will control at least 16 members of the new assembly, or more than 25 percent of the 59 votes in that body.

These developments appear to have shaken the complacency

of conservative politicians, who now profess to recognize the need for government reforms and grass-roots support in preparation for the 1959 general elections. Prospects for effective unity among the conservative parties remain dim, however, because of traditional factionalism and deep-seated personal animosities.

Premier Souvanna Phouma is pledged to resign after the new deputies are seated probably late this month. There is considerable sentiment in political circles, however, for keeping the Souvanna government--including its two Communist members--virtually intact rather than

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risk a serious parliamentary crisis. The Communists so far have abetted this trend toward maintenance of the status quo in the expectation that this would forestall concerted opposition to their preparations for the 1959 elections.

Formation of a government without Communist participation is possible for the conservatives, who will retain a majority in the new assembly. For such a government to enjoy a safe voting margin, however, a coalition of the two large conservative parties--the Nationalists and the Independents--would be required, plus the support of opportunistic fringe parties in the assembly, whose

allegiance is uncertain. The conservatives, moreover, appear reluctant to push the well-organized NLHZ bloc into open political opposition, preferring to keep it in the fold in the hope of gaining a breathing spell in which to mend their political fences.

In view of conservative disunity, the disciplined Communists have the potential to prevent the formation of a government unacceptable to them. They could, moreover, alter their present tactics and attempt to bring about the dissolution of the National Assembly and early general elections, which they would probably win.

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SOUTH KOREAN GRAIN PRODUCTION LAGS

South Korea's food problem is becoming increasingly serious because of population pressures, expanded per-capita consumption, worsening crop diseases, and delays in rehabilitating the thriving prewar fishing industry. The government to a large extent is ignoring these problems, relying instead on grain imports under various American aid programs.

Conflicting figures from South Korea fail to show whether average postwar agricultural production has reached that of the late 1930's. During the three years prior to 1957, however, grain production declined steadily, and in 1956 had fallen below prewar levels.

Grain production per capita has decreased because of a population growth in South Korea from 14,500,000 in 1938 to 22,300,000 in 1957. This growth is continuing at the rate of 1.8 percent annually. Converse-

ly, rice consumption per capita has increased about 40 percent above prewar. One explanation is that the Japanese exported approximately half the prewar rice production and substituted cheaper grains for Korean consumption. Another may be that less fish have been available because of the decline of the fishing industry.

Plant disease is spreading. A noted American plant pathologist, during an investigation in South Korea in 1957, found that every major crop was seriously afflicted. He estimated that between 15 and 25 percent of the rice crop and at least 30 percent of the wheat and barley crops were being destroyed. He noted that, unlike the Japanese, who kept this problem under control, the South Koreans have done practically nothing about it, mainly for lack of trained personnel.

Grain imports, begun during the 1954-56 period of declining

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domestic production, amounted to 500,000 metric tons in 1956 and, to replace flood losses, to almost 1,000,000 metric tons in 1957. Despite the relative-

ly good 1957 harvest of some 4,100,000 metric tons, grain imports of approximately 1,000,000 tons are expected again this year.

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ELECTION VIOLENCE IN PORTUGAL

Recent violent clashes in Lisbon and Oporto between the Portuguese police and massed supporters of General Humberto Delgado, independent opposition candidate for president in the 8 June elections, indicate the extent of popular discontent with Premier Salazar's government. While the government will ensure the election of its candidate, Admiral Americo Thomaz, popular unrest is such that further disorders may arise as the campaign progresses.

Previous electoral campaigns during Salazar's 30-year dictatorship have been apathetic affairs in which both sides tacitly recognized the exceptional nature and narrow limits of the month's freedom granted to oppose the government publicly. This year, however, the intelligent, eccentric, and ardently pro-US Delgado, who is director general of civil aviation, has taken a much more vigorous line. He has pledged himself to the restoration of democratic liberties, including free elections, freedom from arbitrary arrest and imprisonment, and a more enlightened economic policy at home and abroad. On 10 May he declared that, if elected, he would dismiss Salazar because "he has not evolved" after "tidying up"

Portugal during his early years in power. At an 18 May rally he called on President Craveiro Lopes to dismiss the prime minister.

Refusal of the Lisbon police to admit many citizens to the 18 May rally resulted in clashes with Delgado's supporters in which 12 policemen and at least 38 civilians were injured. According to one press report, army motorized and armored units were stationed at strategic points throughout the city. There were over 100 casualties, including two persons wounded by police gunfire, during similar demonstrations in the capital and Oporto on 16 May.

The American Embassy in Lisbon believes the government is "unquestionably impressed" with the depth and prevalence of popular unrest. With Portugal's standard of living rated the lowest in Western Europe, much of this unrest springs from economic causes, but reported mob attacks in Lisbon on the headquarters of the conservative daily Diario de Noticias and of the regime's national youth organization indicate hostility to restrictions on freedom of the press and academic thought. The small, illegal Portuguese Communist party is said to have ordered its members to exploit the present unrest.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****22 May 1958****ITALIAN ELECTION CAMPAIGN**

The Christian Democrats, who seem to have given up any hope of winning a parliamentary majority in Italy's 25-26 May national elections, have encountered such sharp campaign attacks from the small center parties as to make the formation of a postelection government considerably more difficult than in 1953. No major new national issues have emerged.

The Christian Democrats' former coalition partners--the Social Democrats, Liberals, and Republicans--have increasingly clashed with the government party on the issue of clericalism. This issue had died down after the court conviction of the bishop of Prato in March, but was revived by the recent statement of the episcopate urging support for the Christian Democrats in the elections.

In addition, the Liberals have condemned the Christian Democratic government's "trend toward statism." These developments, together with Social Democratic party leader Saragat's announced intention to attempt reunification with the Nenni Socialists before even considering participation in a Christian Democratic - led coalition, would appear to make reconstitution of a center coalition increasingly difficult. The Christian Democrats

may therefore be forced to choose between the unpopular alternatives of a minority government or dependence on the extreme right.

At the same time, the situation on the left has changed. Relations between the Communists and the Nenni Socialists have deteriorated since mid-April, when Nenni sharply rejected a Communist demand for renewal of the unity-of-action pact. Communist speakers in some cases told voters that a vote for Nenni's party is "a vote lost to the workers' movement." Although Communist party chief Togliatti later instructed campaigners to be more moderate, the two parties have lately disagreed increasingly on foreign policy issues.

There was another open clash between the two parties on 13 May when Togliatti deplored the ending of the unity-of-action pact and charged that Nenni's party had no unity within itself. Nenni replied that the Communist attitude was strengthening Socialist unity. If in the elections Nenni succeeds in strengthening his "autonomist" wing of the party at the expense of the pro-Communist faction, the two Socialist parties may renew their unification efforts.

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PART III

PATTERNS AND PERSPECTIVES

COMMUNIST CHINA: MOSCOW'S ADVOCATE

Shifting from an earlier role as mediator between the Soviet Union and Eastern European states, Communist China now stands as the bloc's strongest advocate of Soviet leadership and the sternest critic of "revisionist" challenges to orthodoxy. While Peiping's definition of orthodoxy remains the same, Mao Tse-tung's belief of a year ago that toleration of dissenting viewpoints would best serve the interests of the bloc has gradually changed. Factors in this change have been the persistent misinterpretation of Peiping's position by Eastern European Communists, the failure of Mao's "hundred flowers" program in China, and recent Soviet scientific successes.

Peiping's Position 1956-57

Mao Tse-tung's formula for the Chinese relationship with the USSR has all along been that of voluntary allegiance--that is, to be firmly allied with the Soviet party and state, and follow the Soviet model, but to preserve the Chinese party's organizational integrity and alter the model as necessary. This meant that Peiping in 1956 could, without hypocrisy, sympathize with some features of the Polish and early Hungarian developments while being concerned about Gomulka's over-all intentions and endorsing the Soviet intervention to keep Hungary in the bloc.

In a major policy pronouncement in December 1956, Peiping emphasized that problems in intrabloc relations should be subordinated to the bloc struggle against the West. It argued that Moscow was right with respect to the "basic laws" of Communist states, including the need to support Soviet for-

eign policy, and that "national Communism" was wrong. It observed that the USSR was also right in its stated principles on intrabloc relations, but noted at the same time that Moscow had not sufficiently respected the "independence" and "equality" of other Communist parties.

Although the emphasis of the pronouncement was pro-Soviet, the Chinese reservations made it attractive to Eastern European liberals. The allusions to "independence" and "equality"--which in Peiping's lexicon had meanings considerably more restricted than their Western definitions--gave continued comfort to audiences which looked to Communist China as a source of support against the Kremlin.

As a friendly advocate for the Soviet Union, Chou En-lai in early 1957 apparently had some success in bringing Gomulka closer to Moscow, and may have persuaded Moscow to give Gomulka more time. Peiping seemed to be discouraging certain moves which, at that time, Moscow may have been tempted to make: that is, moves to overthrow Gomulka, isolate Yugoslavia, and reimpose Stalinism throughout Eastern Europe.

The rationale of Peiping's position as of May 1957 seemed to be Mao's confidence that, in time, actual and potential deviants in the bloc could be persuaded to adhere voluntarily to Sino-Soviet foreign and domestic policies. In the meantime, Peiping urged a suspension of polemics, calling on Communist states to "reserve our differences while upholding our solidarity."

This same confidence--that differences of viewpoint could be safely tolerated--was

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reflected in Peiping's domestic program at that time. Mao in 1956 had introduced the "hundred flowers" policy--"let a hundred flowers bloom, let a hundred schools of thought contend"--in the expectation of releasing popular energies for the more rapid "building of socialism." The campaign did not immediately catch hold, and in February 1957 Mao restated his policy in terms of "contradictions" which could be resolved by "persuasion." Mao urged the party to encourage popular criticism, and reportedly made a number of derisive remarks about Soviet inability to understand and manage popular attitudes, especially in Eastern Europe.

Mao's Attitude Changes

When "blooming and contending" began in earnest in the spring of 1957, it came in the form of violent attacks on the Chinese Communist party's methods of control and on its basic programs.

Meanwhile, in Eastern Europe, the "hundred flowers" campaign and the concept of "contradictions" were being hailed by Communist intellectuals--particularly Poles--in support of their own various convictions about the proper "road to socialism." During the first several months of 1957, the Chinese failed to repudiate "revisionist" interpretations of Mao's concepts.

Mao, shocked and dismayed by domestic developments and annoyed by events in Eastern Europe, issued in June 1957 an official version of his previously unpublished February speech. The official version differed considerably from the original remarks and offered criteria to distinguish "flowers" from "weeds." These criteria forbade criticism of the party and its basic program, including the Sino-Soviet relationship, and left the critics with nothing

to denounce except the working style of party and government officials. Soon after, Peiping launched its "antirightist" campaign.

In the June 1957 official version of Mao's speech--which in effect conceded that Moscow had been right in its coolness toward the "hundred flowers"--Peiping attempted to discourage the Eastern European liberals. Mao's "criteria"--including "international socialist solidarity"--were themselves a reaffirmation of orthodoxy. The official version also described "revisionism" as the greatest danger to the socialist cause, and omitted certain incendiary material about Soviet behavior allegedly included in the February speech.

The hardening of Peiping's line toward deviants in the bloc was almost certainly quickened by the Soviet ICBM and earth satellite achievements in late 1957. The "miracles of Soviet science" appeared to Peiping to be a convincing demonstration of the potentialities of an orthodox Communist state and further justification for its belief in the qualifications of the USSR to lead the bloc.

Mao in Moscow, November 1957

Mao Tse-tung's participation in the Moscow celebrations of the October Revolution anniversary seemed intended primarily as a demonstration of Chinese alignment with the Soviet position on intrabloc relations. Mao made the trip despite an illness which apparently left him unable to stand for more than a few minutes at a time. This was a contrast to his failure to go on to Poland, although, according to a Polish announcement, he had accepted Warsaw's invitation.

In Moscow, Mao took the hardest Chinese line on intrabloc relations since the party's

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denunciation of Tito in 1948. He publicly asserted that the "urgent" task was to oppose "revisionist deviation," that maintenance of bloc unity under Soviet leadership was the "sacred obligation" of all Communist states, and that the Soviet party must act as the leader of other parties. On the last point, Peiping had never been so explicit, preferring to speak of the "equality" of parties as a condition for their "unity." Mao reportedly took the same line in private sessions in Moscow.

These remarks of Mao's were stronger than the communiqués issued by the 12 bloc parties. While in general strongly upholding the Kremlin position on intrabloc affairs, the communiqué gave lip service to certain liberal principles, stated ambiguously the "basic laws" of Communist states (in apparent deference to Poland), and left it to each party to decide whether "revisionism" or "dogmatism" was the principal danger at the time.

While Mao's consistent endorsement of Soviet positions in the November meetings almost certainly reflected his convictions, the possibility remains that he was rewarded for his effectiveness as an advocate. Mao had with him in Moscow 12 of his top military leaders and some 85 scientists. At the end of November, when the military group returned to China, Bulganin announced that the USSR would continue to strengthen the Chinese armed forces. The scientific delegation remained until January, concluding an agreement calling for Soviet assistance to 122 scientific and technological projects of "significance to China."

Peiping and Yugoslavia, 1958

Following the Moscow meeting of Communist parties, Peiping offered some thinly dis-

guised admonishments to Belgrade. The Chinese party's newspaper reproved "some people" who still failed to realize that the balance of power had shifted to the bloc from the West.

The Chinese refrained, however, from invective against Yugoslavia, apparently in the hope that Moscow would be successful in its "comradely" efforts to induce the Yugoslavs to revise their program. Following the Yugoslav party congress in April, and the clear failure of Soviet efforts, Peiping finally erupted on 5 May in a scathing attack on Tito's "anti-Marxist-Leninist, out-and-out revisionist program." Moscow quickly republished the Chinese attack.

Peiping's statement, damning every major point of the Yugoslav program, quoted Mao to the effect that such "revisionists or right opportunists" were attacking the "most fundamental elements" of Marxism. While Peiping had made this point many times before in its insistence on the "basic laws" of Communist states, it called on this occasion for "open and uncompromising criticism" of the Yugoslav heresies.

Peiping's editorial does not give substance to current Polish assertions that Mao, who in November 1957 went out of his way to endorse several Soviet policies associated with Khrushchev personally, has since turned on him and now is deliberately supporting an anti-Khrushchev faction on the issue of intrabloc relations. On the contrary, the 5 May statement goes to some pains to associate Peiping with Soviet tactical shifts in recent years with which Khrushchev was apparently associated.

For example, the Chinese statement declares that "we consider as basically correct" the Cominform's criticism of

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Yugoslavia in 1948, but that the Cominform had made "mistakes" in its handling of the Yugoslav problem. Khrushchev has also taken this line. The Chinese statement goes on to observe that bloc countries, correcting the Cominform's tactical errors, had "done their utmost" since 1954 to improve relations with Belgrade and had been "waiting patiently" for a Yugoslav return to orthodoxy. Peiping in fact has been until recently the strongest advocate of Khrushchev's tactics of patience with Yugoslavia.

The only part of the Chinese statement which might conceivably have embarrassed Khrushchev is Peiping's insistence that the bloc can no longer afford to tolerate Yugoslav deviation. It is not certain that Khrushchev himself had decided, prior to the Chinese eruption, that the bloc's tolerance was at an end. While it is very doubtful that Mao meant to embarrass his friend Khrushchev, the Chinese statement could have had that effect if tactics toward Yugoslavia were being debated in the Kremlin at just that moment.

Chinese Communist leaders presumably believe that their 5 May statement, taken with a long report given at the current Chinese Communist party congress but not yet published, will serve to remove any possible doubt as to where Peiping stands. While previous Chinese statements should have accomplished that, Peiping's failure to denounce the Yugoslavs by name apparently had permitted

Belgrade and other deviants to argue that the Chinese were privately sympathetic to "national Communism."

Peiping's Future Attitude

It will be necessary to Peiping to play down the concepts of "independence" and "equality"--which until 1957 reflected a genuine sympathy for Communist movements that, like the Chinese, sought to avoid a simple satellite relationship. Mao now may believe that only the USSR and China can be trusted to use their "equality" wisely, and that he should no longer encourage any Eastern European state, no matter how reliable its leaders seem to be, to seek greater freedom from Soviet control. In any case, Mao now is almost certainly in agreement with Moscow that a "socialist commonwealth," if feasible at all, is a very long-term objective indeed.

Peiping will probably also choose, while preserving its own organizational and tactical independence, to avoid creating the impression that it is seeking a genuinely equal status with Moscow in the world Communist movement. As part of this, Peiping will probably insist that Chinese doctrinal innovations--several of which are still current--are "developments" of Soviet theories rather than deviations from them. There may also be a fresh Chinese emphasis, at home and abroad, on the importance of learning from the Soviet Union.

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THE REVIVAL OF WEST GERMANY'S ARMAMENTS INDUSTRY

The participation of West German firms in the armament of the West German armed forces has increased markedly over the past year. German industrialists have apparently dropped their previous disinterest in rearmament and now are actively seeking production orders and research and development contracts. In December 1957 the powerful Federation of German Industries (BDI), which includes all of Germany's top industrial leaders, urged the government to develop closer cooperation between industry and the Ministry of Defense. BDI President Fritz Berg is reported to have written the ministry in April requesting more armament orders for German industry to offset the recent decline in industrial production.

For political reasons Bonn has thus far placed most of its armament orders with foreign governments and firms. German firms, however, have gradually absorbed an increasing percentage of the orders. Defense Minister Strauss recently stated that out of a total of about \$2,000,000 allocated for armaments, 61 percent went to foreign contractors. The German share has thus risen from about 33 percent in 1956 to 39 percent, and indications are that by 1960-61 German firms will be receiving about 43 percent. During the NATO annual review of West German defense plans in December 1957, the German representative stated that Bonn was turning to German firms because foreign firms could not always fill contracts for reorders or supply replacements and spare parts.

Land Armaments

German firms have become active in the production or de-

velopment of all types of land armaments except heavy artillery. Bonn has generally followed a policy of selecting a well-developed and fully tested foreign model, such as the Belgian FN or the Spanish Cetme rifle, and arranging for a license to produce it in Germany. Famous wartime producers such as Rheinmetall-Borsig and Mauser are again manufacturing machine guns and machine pistols. Rheinmetall has also been negotiating for a contract to produce 100,000 20-millimeter guns designed by the Swiss firm of Hispano-Suiza. The Ministry of Defense is also reported to have on file a list of 200 German firms willing and able to begin production of ammunition for calibers up to 20 millimeters.

The Henschel firm in Kassel on 7 May was awarded a three-year contract for \$28,570,000 worth of light armored vehicles of a Swiss design. Further contracts are expected for this firm and for Hanomag to make about 5,000 armored carriers of the Swiss type, and Kloeckner-Humboldt will produce about 1,500 of the French Hotchkiss type. The Defense Ministry has been working for some time on the development of a 30-ton tank which would eventually replace the American M-48 medium tank. In addition to armored vehicles, almost all of the trucks, jeeps, and passenger cars supplied to the West German Army are German-produced.

Aircraft Industry

All of the large World War II aircraft firms are again producing some military aircraft, and there is a growing tendency among these firms toward mergers and combinations to restrict competition and encourage government research subsidies which total \$30,000,000 for 1958.

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Recently the firms of Messerschmidt and Heinkel concluded a working arrangement for common research and development. The Southern Aircraft Union, jointly owned by Heinkel and Messerschmidt, in early 1958

with a French firm for joint work on a vertical-takeoff aircraft. The Northern group is beginning production of the French Nordatlas transport at a planned rate of four or five per month. The Southern group is starting production of the French Fouga Magister jet trainer and will reach a rate of about 20 a month in early 1959. The only German-designed aircraft, a light trainer, is being produced at about 15 per month by Dornier, the firm which designed it.

PIAGGIO-149

purchased the Junkers aircraft firm. The Boelkow development firm in Stuttgart, which works primarily on missiles, now has a production agreement with Messerschmidt-Heinkel. Several industrial firms are combined in the Northern Aircraft Production Union.

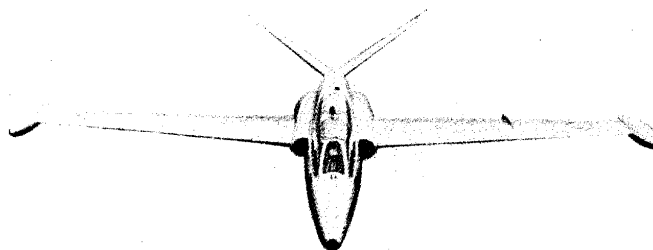
The Bonn Defense Ministry is encouraging such mergers in an effort to build up a domestic production base for more modern aircraft. There are indications that Heinkel-Messerschmidt will be assigned to produce a foreign-model fighter-interceptor in order to gain the necessary experience for development and production of a German model. The Ministry of Defense originally planned to purchase 400 aircraft abroad, but this figure was progressively reduced to about 100-150, with the remainder to be built in Germany under license.

Focke-Wulf is producing the Italian Piaggio-149, a piston-engine trainer, at a rate of about seven per month, and recently concluded an agreement

Bonn's potential in aircraft production is reflected in the assignment of a West German to the chairmanship of the aircraft committee in the French-Italian-German arms agreement, even though West Germany as yet produces no modern jet aircraft.

Modern Weapons

The political controversy over equipping Bonn's forces

**FOUGA MAGISTER**

with nuclear weapons highlights the fact that West Germany is almost exclusively dependent on foreign supply for all modern weapons. A relaxation of treaty restrictions on German research and production of missiles has already met with WEU council approval, allowing domestic production of a small antitank missile of German design.

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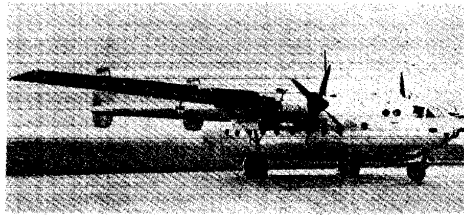
West Germany's consumer electronics industry, rated as one of the world's best, has begun to turn its attention to research and development in the military electronics field, particularly missile-guidance and radar systems. Several firms have started development programs in anticipation of government subsidies, and new research institutes devoted exclusively to military electronics have also been established. The German firm of Telefunken is reported to be working with the Swiss firm of Oerlikon on a missile-guidance system, and Siemens and Halske is believed to have a radar fire-control development under way at a laboratory in Karlsruhe.

Since 1956 the government has appropriated a total of

**DORNIER-27**

some \$184,000,000 for basic military research, development projects, and testing, rising from \$19,000,000 in 1956 to a planned \$84,000,000 in 1958. These figures do not include salaries and administrative expenses, but represent only the sums for actual research by scientific establishments.

In the field of basic research, Bonn has concentrated on high-frequency physics and aeronautics, which together account for over half the appropriations in the over-all

**NORDATLAS**

basic research category. Bonn also recently signed a formal agreement with France for joint operation of a French ballistics laboratory, for which Bonn will contribute \$450,000 annually. This work has been rumored to be in support of the French nuclear weapons program. 25X1

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INDIA'S PRESENT LEADERS

The top four leaders in the Indian Government who will be responsible for administering the country during Nehru's absence on a vacation which began on 20 May and who are in line to inherit Nehru's power are experienced politicians and capable men. Three of the four have considerable knowledge of the type of domestic situations with which they are likely to be faced. The most important of these will be the restoration of the Congress party's control in Orissa State, whose government resigned on 9 May. Repercussions of a by-election won by the Communists in Kerala State on 16 May will also cause problems. A Congress party effort to end petty bickering in Mysore State by ousting the chief minister on 8 May will also have to be watched by these men. Nehru's lieutenants



PANT

are unlikely to be confronted with major foreign policy decisions, with which only one of them is familiar.

Pant

Seventy-year-old Govind Vallabh Pant, home minister, deputy leader of the Congress party, and senior member of the cabinet, will act as prime

minister during Nehru's absence. He has been a close associate of Nehru's for several decades and has a reputation as a shrewd politician, parliamentarian, and administrator. A member of the Congress working committee--the party's highest executive body--since 1931, Pant has been home minister since 1955 and is thoroughly acquainted with India's domestic problems. He has not been outside of India, however. He emphasizes law and order and is strongly anti-Communist. Like Nehru, Pant believes in neutrality and a socialist pattern of society, but he is relatively conservative in his thinking. Should Nehru die or retire in the near future, Pant would be likely to succeed him for a short period. His appointment would probably be of an interim nature, however, since, because of his age, he would probably have to step down in favor of a younger man fairly soon.

Desai

The next strongest member of the cabinet is 62-year-old Finance Minister Morarji Desai, one of the leading candidates for the prime ministership after Nehru. Desai is a devout Hindu, a strict follower of Gandhian principles, and a moderate socialist. He is an excellent administrator who acquired a national reputation as chief minister of Bombay State from 1952 to 1956. Although subject to some criticism for his puritanical outlook and blunt manner, he is generally respected as a man of integrity.

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While advocating neutrality for India, Desai has been

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friendly toward the United States and has strongly opposed the Bombay Communists. Desai, like Pant, has never been outside of India, which would handicap him should he become prime minister. The Indian press reports, however, that he may visit the United States and Canada during 1958.

Despite his capabilities, Desai, as a newcomer to the cabinet, still has not firmly entrenched himself in the Indian leadership structure. This was illustrated during the shifting of posts which followed the dismissal of Finance Minister Krishnamachari early in 1958. Desai hoped at that time to replace Pant as home minister, recognizing the value of this post as a steppingstone to the prime ministership. Instead, Desai was moved from the Commerce Ministry, which he had held since late 1956, to the Finance Ministry, where he had hoped Pant would be placed. This is one of the most important but also possibly the most difficult of the cabinet

**PATIL**

posts and has been a "graveyard" for good men.

Patil

S. K. Patil, at 57, is one of the youngest of India's top

leaders. Unlike Pant and Desai, he was educated in Britain and is completely cosmopolitan in his outlook. A former mayor and political boss of Bombay, Patil has risen rapidly because

**DESAI**

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of his energy and organizational ability,

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A strong rightist and outspokenly anti-Communist, Patil is given credit for the Congress party's victory over the Communists in the Andhra state elections in 1955. He became minister of power and irrigation in April 1957 and minister of transportation and communications in March 1958.

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Pant, Desai, and Patil are as capable as anyone in India of tackling the domestic problems of the country and trying to halt the decline of the Congress party. All three have risen through the party ranks. Pant, as chief minister of Uttar Pradesh, India's most important

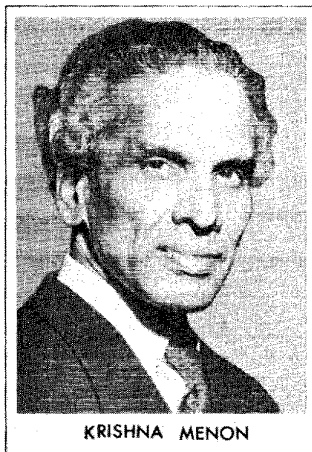
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and most heavily populated state, for years controlled the heartland of the Congress party. Desai has recently been used as a trouble shooter to bring unity to the Congress party in Bihar. Patil, too, is being used to fight party decay in Kerala and other states.

State Troubles

Whether Nehru or any of these men can inspire the provincial leaders of the Congress party to undertake a major rejuvenation effort is questionable, however. Two years of intensive effort have not been successful. A new effort, just begun, should provide a more clear-cut indication of future developments. Apparently extremely agitated by the continuing erosion of the party's position, the high command

**KRISHNA MENON**

in New Delhi on 8 and 9 May ordered the dismissal of the chief ministers of Mysore and Orissa states. In Mysore, the obvious aim is to prevent further deterioration in the party organization, which has firm control of the state assembly, has little opposition, but which is virtually incapacitated by internecine warfare. Pant, Desai, and Patil will probably be largely responsible for

forming a new Congress party government there and for ensuring that it works smoothly.

Their problem in Orissa State may be more difficult. The Congress party failed to win a majority there in the 1957 national elections, and it was able to form a government only with the help of a minor tribal party, some defectors, and independents. After one year of operation, disloyalty among Congress members themselves has made it impossible for the government to muster a reliable majority, and President's Rule may soon be invoked, pending new elections.

Whether the Congress could win such elections is somewhat doubtful, in view of the increasing recognition throughout the country that at last the Congress party can be beaten at the polls by good organization and hard campaigning. The Communists won a critical by-election in Kerala on 16 May, thereby strengthening the slim majority by which they control that state. The publicity attending the victory will increase the Congress' difficulties in other states.

Krishna Menon

In the field of foreign affairs, only one of the men in Nehru's cabinet, V. K. Krishna Menon, has any real experience, and it is unlikely that he will be given an opportunity to demonstrate his capabilities during Nehru's vacation. Krishna Menon is one of the most controversial politicians in India. He has lived outside India for virtually all his adult life, cannot speak Hindi, India's national language, and is almost entirely dependent on Nehru for his position today. He is thoroughly detested by the other powerful men in the cabinet for his acerbity as

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well as the fact that he enjoys Nehru's protection despite his lack of any popular following or political organization.

Menon, however, has been working hard to acquire a political base in India during the past two years. His election to Parliament was engineered by the Congress party to create the impression that Menon had popular support. As defense minister, Menon has proved himself a first-rate administrator and has won the respect, if not the friendship, of the armed services. He is on the Planning Commission and is also chairman of its subcommittee for international trade development.

Menon may also be sponsoring a series of Kashmir societies which are springing up in India and which he is using as sounding boards for frequent public utterances. With the death of Education Minister Azad earlier this year, Menon may be assuming increasing

cabinet responsibility for Kashmir affairs. Menon is working hard to demonstrate that he is persona grata in the West and has greatly moderated the anti-Western positions he took several years ago.

Recognizing that Menon is disliked by his peers, Nehru has not named Menon as unofficial foreign minister while he is on vacation. Nehru will retain direct control of foreign policy himself and leave the routine administration to the capable secretary general of the External Affairs Ministry, Raghavan Pillai. Although Menon may be available to provide advice or guidance, it seems doubtful that any important matter will arise necessitating an immediate decision. Nehru at present plans to spend ten days in the Himalayas, then to return to New Delhi for five days, and to return to the hills for another stay of unannounced duration.

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ANNEX**SINO-SOVIET BLOC ACTIVITIES IN FRANCE**

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1. General Bloc Policy:

The Sino-Soviet bloc's policy toward France is directed at weakening Paris' political and military ties with its NATO partners, disrupting its participation in the integrated economic organizations of Western Europe, and encouraging "independent" French policies which would allow de facto cooperation with Moscow on specific issues. Although bloc leaders have made little progress to date in moving toward these goals, they apparently have long believed that, as a result of France's chronic political instability and latent resentment over its postwar status in international affairs, Paris is the weakest link in the Western alliance.

2. Moscow's strategy, as well as that of the French Communist party (PCF), is designed to end France's 11-year rule by the moderate parties and bring about a French government which, if not avowedly anti-American, would at least be more critical of the United States and would cooperate with Moscow on specific international issues. The bloc and PCF leaders would most favor a governing coalition of leftist parties including the PCF, but at the same time would prefer the formation of a far-right, ultranationalist government to continuation of center rule. Soviet representatives began in February to promote the view in French rightist circles--including General de Gaulle's--that the USSR hopes for a North African settlement which retains some measure of French influence and excludes the United States. Moscow has hinted it would favor De Gaulle's return to active politics.

3. The Soviet moves have been complemented by the tactics of the PCF. While its participation in the successful rightist assault on the Gaillard government continues its regular practice of voting against moderate governments, this particular occasion was of greater significance than usual because of the increasing cleavage among the moderate parties, which have been the backbone of the French parliamentary system and of France's pro-Western orientation. The PCF tactics may thus contribute to a government of the far right with "independent" policies, although the PCF is publicly proclaiming the danger of "fascism." The Communists may, however, also hope to set the stage for their support--even though unsolicited--of a leftist-oriented coalition favoring a more liberal French policy in North Africa.

4. Diplomatic Activity:

The Soviet Union and all the Eastern European states, except East Germany, have full diplomatic relations with France. France's official contacts with East Germany and Communist China are limited to commercial transactions which are covered by quasi-official trade and financial agreements. Although it does not officially recognize North Vietnam, France maintains a nondiplomatic governmental mission in Hanoi and in March 1958 allowed North Vietnam to open a permanent trade mission in Paris.

5. The Communist missions in Paris are staffed by approximately 520 bloc nationals, of whom slightly more than 200 are Soviet. The USSR, Poland, Czechoslovakia, and Hungary also have 27 nationals attached to UNESCO headquarters in Paris. In addition, Poland maintains consulates staffed by 33 Polish officials in six major cities outside Paris.

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Trade between metropolitan France and Sino-Soviet bloc countries has quadrupled over the past eight years, reaching in 1957 a two-way value of almost \$286,000,000 and accounting for 2.7 percent of French exports and 2.3 percent of imports. Sales to bloc purchasers consist mainly of iron and steel products, machinery of various types, machine tools, vehicles, chemicals, and foodstuffs. French imports consist primarily of fuels and industrial raw materials needed for industrial expansion in France, such as coal and coke, petroleum product, manganese, and lumber.

7. Since trade with the bloc is conducted on a barter basis, France can make certain imports which would otherwise have to be purchased from free world suppliers for badly needed foreign exchange. French officials attach great significance to this economy of foreign exchange, and estimate that trade with the Soviet Union alone will have thus "saved" France some \$220,000,000 of foreign exchange from 1957 through 1959. The French Government is pressing for a reduction in the number of items on the COCOM embargo lists. Soviet officials have at times put great pressure on Paris to ship items which are embargoed, and Soviet spokesmen--such as Khrushchev in his 19 March interview with Le Figaro--have held out the prospect of increased bloc purchases from France if Western trade discrimination were ended.

8. Cultural and Propaganda Activities: During 1957 France sent approximately 150 organized delegations to bloc countries, including 23 from PCF or front groups and 18 labor delegations largely from Communist labor organizations, as well as casual visitors and tourists. The bloc country most visited in 1957 by delegations of Frenchmen was the USSR, with 60 touring French

groups, followed by Hungary with 20 and Rumania with 18. In return, approximately 110 bloc delegations visited France. The Soviet Union sent 38 groups, plus an estimated 4,000 tourists, and was followed by Poland and Czechoslovakia with 23 delegations each. The Moscow Youth Festival was visited by about 2,000 persons from France, including some members of the French Parliament, French students, and non-French students studying in France. Other organized cultural exchanges with bloc countries in 1957 included professional and scientific groups--including eight members of the French atomic energy commission--youth groups, artistic delegations, sports teams, technical and trade missions, and parliamentary groups.

9. In October 1957 the USSR and France regularized their cultural exchange programs with a protocol setting up exchanges for 1958 in the fields of education, public health, medicine, and science, as well as providing for the exchange of professors, students, radio and television programs, ballet troupes, movies, and music. Cultural exchanges with Poland--the most extensive among the satellites--were also formally established with an agreement signed in July 1957 which emphasized the exchange of publications, reciprocal language instruction, and television and radio programs, as well as delegations and individuals.

10. Sino-Soviet bloc propaganda broadcasts in French beamed at Western Europe currently total 81 hours per week--25 by Soviet and the balance by Eastern European transmitters. This is about 18 hours per week less than at the end of 1956, principally as a result of substantial reductions in Poland's international broadcasting in 1957 and early 1958.

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11. Bloc countries support a total of 15 friendship and cultural societies and centers in France which currently comprise approximately 120 parent bodies and branches, usually with headquarters in Paris and often with branches in major cities. The most extensive body in this field is the "Association France-URSS," which has 56 departmental committees and 15 local committees throughout France.

12. Subversive Activity: The PCF is estimated to have 300,000 members, about one tenth of whom form a militant "hard core." Although the party appears to be on the upgrade after a loss of up to 50,000 members in early 1957, party leaders probably continue to be concerned over apathy among the rank and file and the party's lack of appeal to French youth. However, despite the reaction to Soviet intervention in Hungary and occasional signs of disunity, the higher PCF cadres are strong, and little permanent damage was apparently sustained by the party's electoral support. In by-elections for National Assembly seats held over the past six months, Communist candidates have secured the same, or slightly higher, percentages of their district vote than in 1956. In the April cantonal elections the percentage of votes for PCF-backed candidates decreased only slightly both in terms of the PCF's share of the 1951 cantonal poll and of recent by-elections.

13. The PCF is trying strenuously to overcome its isolation from the mainstream of French national politics; Communist leaders publicly proclaim their willingness, particularly during periods of governmental crises and change, to support or even participate in a "government of the left" which would "renovate" French policies. However, the unity bids of the PCF are of questionable sincerity and are accompanied by con-

tinuing violent Communist attacks on the Socialist leadership, which opposes such collaboration. The Communists' principal efforts are, therefore, concentrated in their appeals to the Socialist rank and file for unity "from below." Other PCF tactics include giving unilateral support in the recent cantonal elections to non-Communist leftist candidates in those cases where Communist candidates had little prospect of winning.

14. During the past year the Communist press suffered some losses--including the dropping of three provincial dailies--but it is generally strong and its network covers all of France. The PCF currently controls 11 daily newspapers--L'Humanité, the main party paper, now has a circulation of 180,000--21 weeklies, 18 reviews and periodicals, and about a dozen publishing houses. More than 40 additional periodicals also follow the party line more or less consistently.

15. The PCF manipulates about 100 front organizations--many of which are still suffering from the repercussions over Hungary--in propagandizing the Communist line and carrying out "campaigns" on specific issues. The French "peace movement"--the most important front organization--attempted in early 1958 to mount an elaborate signature campaign against NATO missile bases in France, but this appeal has so far failed markedly.

16. The Communist-dominated General Labor Confederation (CGT)--the largest and best organized of the French labor confederations--claims 3,000,000 members, but is believed to have less than 1,000,000. Total membership has remained fairly constant for the past year, although that of individual federations has fluctuated somewhat. In March the PCF returned to a policy of militant action--which almost certainly will also be

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followed by the CGT--such as mass demonstrations and labor agitation. While the CGT does not have the capability by itself of conducting effective strikes in support of the Communist position on political issues, the Communists retain a considerable capability for militant action and could, in a period of deepening crisis, present a significant internal security threat.

17. French Reaction to Bloc Activity: Generally speaking, the French are confident they can cope with any risks inherent in different types of bloc activities. In terms of France's total foreign trade, commerce with the bloc is relatively minor, but is considered by some influential financial and business interests to be of importance and as having a considerable potential. In order to conduct the bloc cultural exchange program on an official basis and to keep the channels for exchange out of PCF hands, the French Government established in late 1956 a governmental committee for East-West contacts. France has generally taken the lead in cultural exchanges with the bloc in the hope that continuing contacts will contribute to an eventual political settlement and, at the same time, maintain a vestige of the once-significant French cultural tradition in Eastern Europe.

18. Except for PCF members, its sympathizers, and a considerable number who support the party as a protest against the existing political, economic, and social system, most Frenchmen are anti-Communist and generally recognize that the PCF is a tool of the Soviet Union. However, the apparent inability of non-Communist elements of French society to cope with the country's economic and social problems holds little prospect in the near future that the PCF's hold on a large share of

the French body politic will be curtailed.

19. The Outlook: Moscow's prospects for advancing its foreign policy objectives toward France, through both direct bloc efforts and French Communist activities, depend largely upon whether French parliamentary crises will lead to far-left or far-right rule or even an extra-parliamentary solution. It is improbable that the PCF will in the near future be able to form an alliance with the Socialists, either through an arrangement with the Socialist leadership or by forcing a united front "from below."

20. Aside from general assurances of approval and hints of cooperation, there seems to be relatively little in the way of major political moves by which the USSR could encourage a French government to adopt a policy of greater independence from the Western alliance. Perhaps the most effective way of influencing a rightist government, from Moscow's point of view, would be to restrain or even drastically to curtail French Communist activities in exchange for France's cooperation on certain international issues. Soviet policy on broader East-West issues--European security, German reunification, Soviet hegemony over Eastern Europe, and disarmament--are rigid, and major concessions in order specifically to influence France's policies would be too high a price for the Kremlin. On the Algerian problem, Soviet spokesmen have tried to avoid undue provocation of the French and at the same time to uphold the Soviet pose as the champion of anticolonialism. The Kremlin would, however, almost certainly refuse to place the bloc squarely behind France on Algeria, since such a move would probably destroy the bloc's political gains throughout much of Asia and Africa.

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